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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/774,357	02/06/2004	Harold Miller	14846-43	8469
28221 7590 02/21/2008 PATENT DOCKET ADMINISTRATOR LOWENSTEIN SANDLER PC 65 LIVINGSTON AVENUE ROSELAND, NJ 07068			EXAMINER VIZVARY, GERALD C	
			ART UNIT 3696	PAPER NUMBER
			MAIL DATE 02/21/2008	DELIVERY MODE PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/774,357	<b>Applicant(s)</b> MILLER ET AL.	
	<b>Examiner</b> GERALD C. VIZVARY	<b>Art Unit</b> 3696	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 06 February 2004.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-23 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-23 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/ are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
     Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
     Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |                                                                                        |                                                                   |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>2/6/2004</u> .                                                | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Introduction***

The following is a non-final office action in response to the communications received on 2/6/2004. Claims 1-23 are now pending in this application.

### ***Information Disclosure Statement***

1. The information disclosure statement (IDS) submitted on 2/6/2004 was considered by the examiner.

### ***Claim Rejections - 35 USC § 102***

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

3. Claim 1-3, 5-10, 12-14, 16-21 & 23 are rejected under 35 U.S.C. 102(b) as being anticipated by Shkedy 6,236,972 B1 .

As per claim 1, Shkedy 6,236,972 B1 teaches a computer system for crediting charges to entities creating derivatives exposure ("According to a derivative trading embodiment according to the present invention, a buyer or a seller selects the particular derivative

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the customer wishes to trade (Steps 535 and 735 in FIGS. 5 and 7)." Shkedy 6,236,972 B1 col. 20, lines 54-57), comprising:

an input component for receiving reserve information associated with a derivative ("In another embodiment, central controller checks the seller's account in customer account database 297 to see if the shares are available" Shkedy 6,236,972 B1 col. 14, lines 33-35); and

an automated billing workflow component that uses the inputted reserve information to generate billing information for the entity creating the derivative exposure. ("This serves to "lock up" a portion of the available shares in the seller's account, preventing him from selling the same shares twice while order 100 is still active. At step 807, the central controller contacts the transfer agent to see if the seller has the shares. If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810. Once additional shares have been transferred to the account, the central controller 200 then reconfirms the quantity of shares available at the transfer agent at step 80." Shkedy 6,236,972 B1 col. 14, lines 35-45)

As per claim 2, Shkedy 6,236,972 B1 teaches a system of claim 1, wherein the automated billing workflow component includes a plurality of workflow queues to process the billing information. ("Each of the plurality of buyers who wish to make purchases independently access the central controller 200 to create buying orders." Shkedy 6,236,972 B1 col. 6, lines 11-14)

As per claim 3, Shkedy 6,236,972 B1 teaches a system of claim 1, wherein the reserve information includes a reserve amount to set aside. ("If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810. Once additional shares have been transferred to the account, the central controller 200 then reconfirms the quantity of shares available at the transfer agent at step 80." Shkedy 6,236,972 B1 col. 14, lines 39-44) It is inherent that there is a reserve from which the additional shares are transferred.

As per claim 5, Shkedy 6,236,972 B1 teaches a system of claim 3, wherein the reserve amount is held in a special queue for further review, if the reserve amount exceeds a predetermined amount. ("In another embodiment, central controller checks the seller's account in customer account database 297 to see if the shares are available. Shkedy 6,236,972 B1 col. 14, lines 33-35)

As per claim 6, Shkedy 6,236,972 B1 teaches a system of claim 1, wherein the automated billing workflow component generates a reminder. ("If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810." Shkedy 6,236,972 B1 col. 14, lines 39-42)

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As per claim 7, Shkedy 6,236,972 B1 teaches a system of claim 1, wherein at least one of the plurality of queues is viewable. ("At step 807, the central controller contacts the transfer agent to see if the seller has the shares." Shkedy 6,236,972 B1 col. 14, lines 31-34)

As per claim 8, Shkedy 6,236,972 B1 teaches a system of claim 7, wherein at least one of the viewable queues is modifiable. ("If sufficient funds are not available to cover the price of order 100, the buyer is requested to wire more funds into the account at step 610. Once additional funds have been wired to the account, central controller 200 then recalculates the available balance at step 605. Shkedy 6,236,972 B1 col. 13, line 65-col. 14, line 2)

As per claim 9, Shkedy 6,236,972 B1 teaches a system of claim 3, wherein a reserve amount found to be invalid is reversed. ("At step 946, the central controller checks the special instructions to see if the order is now set to "incomplete" or executed in the primary market i.e. directly with the mutual fund. If any of conditions of step 940, 945 or 946 where met we continue to step 950 else we return to step 920 and find the next valid order" Shkedy 6,236,972 B1 col. 14, line 65-col. 15, line 3)

As per claim 10, Shkedy 6,236,972 B1 teaches a system of claim 1, where the automated billing workflow component generates an invoice for the entity creating the

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derivative exposure. ("In one embodiment, a flat fee is charged for every order 100 submitted. There could also be flat fees that would cover any number of orders 100 over a given period of time, allowing buyers to subscribe to the service much as they would subscribe to a newspaper. In another embodiment central controller 200 calculates a commission to add to the sale price and purchase price before it is allocated to each individual order 100." Shkedy 6,236,972 B1 col. 15, line 31-39)

As per claim 12, Shkedy 6,236,972 B1 teaches a computerized method for crediting charges to entities creating derivatives exposure, comprising:

receiving reserve information associated with a derivative ("Referring now to FIG. 8, order 100 is received and checked. If sufficient shares are available to cover the quantity of order 100, order 100 is added to order database 267. At step 800, central controller 200 extracts quantity information from order 100. At step 805, central controller 200 checks with the transfer agent to see if the seller has the shares. In another embodiment, central controller checks the seller's account in customer account database 297 to see if the shares are available." Shkedy 6,236,972 B1 col. 14, lines 27-34);

identifying an entity creating the derivative exposure ("Another object of the invention is to provide a system in which the identity of the seller is authenticated in order to determine the seller's capacity to satisfy the conditions of his offer." Shkedy 6,236,972 B1 col. 4, lines 1-4); and

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generating billing information for the entity creating the derivative exposure. ("This serves to "lock up" a portion of the available shares in the seller's account, preventing him from selling the same shares twice while order 100 is still active. At step 807, the central controller contacts the transfer agent to see if the seller has the shares. If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810. Once additional shares have been transferred to the account, the central controller 200 then reconfirms the quantity of shares available at the transfer agent at step 80." Shkedy 6,236,972 B1 col. 14, lines 35-45)

As per claim 13, Shkedy 6,236,972 B1 teaches a method of claim 12, wherein the step of generating the billing information includes using a plurality of work flow queues to process the billing information. . ("Each of the plurality of buyers who wish to make purchases independently access the central controller 200 to create buying orders." Shkedy 6,236,972 B1 col. 6, lines 11-14)

As per claim 14, Shkedy 6,236,972 B1 teaches a method of claim 12, wherein the reserve information includes a reserve amount to set aside ("If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810. Once additional shares have been transferred to the account, central controller 200 then reconfirms the quantity of



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shares available at the transfer agent at step 80.” Shkedy 6,236,972 B1 col. 14, lines 39-44)

As per claim 16, Shkedy 6,236,972 B1 teaches a method of claim 14, wherein the reserve amount is held in a special queue for further review, if the reserve amount exceeds a predetermined amount. . (“In another embodiment, central controller checks the seller's account in customer account database 297 to see if the shares are available. Shkedy 6,236,972 B1 col. 14, lines 33-35)

As per claim 17, Shkedy 6,236,972 B1 teaches a method of claim 12, further including the step of generating a reminder. (“If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810.” Shkedy 6,236,972 B1 col. 14, lines 39-42)

As per claim 18, Shkedy 6,236,972 B1 teaches a method of claim 13, wherein at least one of the plurality of queues is viewable. . (“At step 807, the central controller contacts the transfer agent to see if the seller has the shares.” Shkedy 6,236,972 B1 col. 14, lines 31-34)

As per claim 19, Shkedy 6,236,972 B1 teaches a method of claim 18, wherein at least one of the viewable queues is modifiable. (“If sufficient funds are not available to cover the price of order 100, the buyer is requested to wire more funds into the account at

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step 610. Once additional funds have been wired to the account, central controller 200 then recalculates the available balance at step 605. Shkedy 6,236,972 B1 col. 13, line 65-col. 14, line 2)

As per claim 20, Shkedy 6,236,972 B1 teaches a method of claim 14, further including the step of reversing the reserve amount, if the reserve amount is invalid. ("At step 946, the central controller checks the special instructions to see if the order is now set to "incomplete" or executed in the primary market i.e. directly with the mutual fund. If any of conditions of step 940, 945 or 946 where met we continue to step 950 else we return to step 920 and find the next valid order" Shkedy 6,236,972 B1 col. 14, line 65-col. 15, line 3)

As per claim 21, Shkedy 6,236,972 B1 teaches a method of claim 12, further including the step of generating an invoice for the entity creating the derivative exposure. . ("In one embodiment, a flat fee is charged for every order 100 submitted. There could also be flat fees that would cover any number of orders 100 over a given period of time, allowing buyers to subscribe to the service much as they would subscribe to a newspaper. In another embodiment central controller 200 calculates a commission to add to the sale price and purchase price before it is allocated to each individual order 100." Shkedy 6,236,972 B1 col. 15, line 31-39)

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As per claim 23, Shkedy 6,236,972 B1 teaches a program storage device readable by a machine, tangibly embodying a program of instructions executable on the machine to perform method steps for crediting charges to entities creating derivatives exposure, the method steps comprising:

receiving reserve information associated with a derivative ("In another embodiment, central controller checks the seller's account in customer account database 297 to see if the shares are available" Shkedy 6,236,972 B1 col. 14, lines 33-35);

identifying an entity creating the derivative exposure ("Another object of the invention is to provide a system in which the identity of the seller is authenticated in order to determine the seller's capacity to satisfy the conditions of his offer." Shkedy 6,236,972 B1 col. 4, lines 1-4); and

generating billing information for the entity creating the derivative exposure. ("This serves to "lock up" a portion of the available shares in the seller's account, preventing him from selling the same shares twice while order 100 is still active. At step 807, the central controller contacts the transfer agent to see if the seller has the shares. If sufficient shares are not available to cover the quantity of order 100, the seller is requested to transfer more shares into his account at the transfer agent at step 810. Once additional shares have been transferred to the account, the central controller 200 then reconfirms the quantity of shares available at the transfer agent at step 80." Shkedy 6,236,972 B1 col. 14, lines 35-45)

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 4, 11, 15 & 22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shkedy 6,236,972 B1 in view of Baker 6,336,103 B1.

As per claim 4, Shkedy 6,236,972 B1 teaches a system of claim 3.

Shkedy 6,236,972 B1 fails to explicitly teach that the reserve amount is based on an estimation of risk of counter-party default.

Baker 6,336,103 B1 teaches an analysis for correlation of asset return to future financial liabilities wherein "In order to find the optimum weight percent for each of the three stocks in the portfolio, the minimum standard deviation (square root of variance) is calculated for the differences between the assets of the portfolio and the future liabilities as represented by the standard asset return over time. The risk is therefore defined as the standard deviation of differences" (Baker 6,336,103 B1 col. 5, line 66-col. 6, line 5)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Shkedy 6,236,972 B1 to include the risk analysis of Baker 6,336,103 B1 since "the chance for default or for call risks which can have the effect of changing the projected cash flow." (Baker 6,336,103 B1 col. 2, lines 26-28)

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As per claim 11, Shkedy 6,236,972 B1 teaches a system of claim 1.

Shkedy 6,236,972 B1 fails to explicitly show that the automated billing workflow component includes an accounting component for posting Profit and Loss (P&L) amounts.

Baker 6,336,103 B1 teaches "More particularly, the invention is related to a highly efficient, rapid method and system for choosing an asset portfolio having the optimum correlation of the asset return to a time dependent financial index, such as a financial liability, at each of a number of selectable asset return levels. (Baker 6,336,103 B1 col. 2, lines 26-28)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Shkedy 6,236,972 B1 to include the an accounting component of Baker 6,336,103 B1 since it would "select the weight percentages of assets by achieving optimum statistical correlation between asset returns and liability returns." (Baker 6,336,103 B1 abstract)

As per claim 15, Shkedy 6,236,972 B1 teaches a system of claim 14.

Shkedy 6,236,972 B1 fails to explicitly teach that the reserve amount is based on an estimation of risk of counter-party default.

Baker 6,336,103 B1 teaches an analysis for correlation of asset return to future financial liabilities wherein "In order to find the optimum weight percent for each of the three stocks in the portfolio, the minimum standard deviation (square root of variance) is calculated for the differences between the assets of the portfolio and the future liabilities

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as represented by the standard asset return over time. The risk is therefore defined as the standard deviation of differences" (Baker 6,336,103 B1 col. 5, line 66-col. 6, line 5)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Shkedy 6,236,972 B1 to include the risk analysis of Baker 6,336,103 B1 since "the chance for default or for call risks which can have the effect of changing the projected cash flow." (Baker 6,336,103 B1 col. 2, lines 26-28)

As per claim 22, Shkedy 6,236,972 B1 teaches a system of claim 12.

Shkedy 6,236,972 B1 fails to explicitly teach including the step of posting a Profit and Loss (P&L) amount for the derivative.

Baker 6,336,103 B1 teaches "More particularly, the invention is related to a highly efficient, rapid method and system for choosing an asset portfolio having the optimum correlation of the asset return to a time dependent financial index, such as a financial liability, at each of a number of selectable asset return levels. (Baker 6,336,103 B1 col. 2, lines 26-28)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Shkedy 6,236,972 B1 to include the an accounting component of Baker 6,336,103 B1 since it would "select the weight percentages of assets by achieving optimum statistical correlation between asset returns and liability returns." (Baker 6,336,103 B1 abstract)

6. The following is prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

Odom (US 6,058,379) shows a method for networked exchange comprises 8 steps. Those steps are specifying a mode of operations for an exchange, identifying a commodity for the exchange, listing information about the commodity, accessing of the listing by a potential purchaser, accessing the network-based exchange by the potential purchaser, processing information generated by the potential purchaser, the information comprising a negotiation, concluding the negotiation; and clearing the concluded negotiation.

Teveler (2001/0034663 A1) shows an electronic contract broker and contract market maker is a system and method for providing a buyer with a discount on the purchase of commodities, such as goods, services, or capital, by tying the original transaction to the long term purchase of goods or services from one or more commodity providers. The system is implemented via a distributed computer network, such as the Internet, or a proprietary network. A buyer selects the amount of the discount in the limits defined by the system, which presents the buyer with goods and services in one or more buyer-selected categories to purchase over time, and the buyer contracts with the system to make the time purchases. The system advances the discount to the original merchant, and bundles the contractual commitments of several buyers in a given category into software objects which are auctioned to commodity providers over a distributed network.

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Sandhu (US 6,347,307 B1) shows a system and method that enables users, such as institutional investors and financial institutions, to engage in capital market transactions, including the trading of Over-the-Counter financial products, via the Internet (including the World Wide Web). The system includes a variety of servers, applications, and interfaces that enable users to interactively communicate and trade financial instruments among one another, and to manage their portfolios. Interactive communications supported by the system include: requesting price quotes, monitoring and reviewing quote requests, issuing price quotes, monitoring and reviewing price quotes, negotiation between users, acceptance of price quotes, reporting, portfolio management, analysis of financial information and market data, calendaring, and communications among users and/or system administrators, including e-mail, chat, and message boards.

Klingman (US 5,729,594) shows a remote communication system for facilitating secure electronic purchases of goods in on-line, wherein a suitable local user input device in association with a data transmission system, couples the user input into a packet network system for communication to a remote receiver/decoder apparatus to TRY a potentially desired product. Upon selection of the desired product by the user, a telcom network link is used to communicate a telephone number associated with the desired product from the user to the remote receiver to allow the user to BUY the desired product. The telcom network used to link the user input device to the remote apparatus



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may also include a 900 number billing system for assessing and collecting fees for use of the system.

Wolfinger (US 6,415,259 B1) shows a system of work progress tracking and management in which customer orders may be received and entered into the system. Upon the entry of customer orders the system automatically schedules the orders for completion and optimizes the schedule based on several factors. These factors include work force utilization, customer priority, due date and task dependencies. Further, the system takes into consideration geographical constraints and automatically reschedules and re-optimizes the schedule when changes occur due to unforeseen events.

Dhir (2002/0198817 A1) shows a secure, open, independent, collaborative on-line platform is provided for trading assets, accessing capital, and managing information. The platform can support, for example, asset trading, provision of capital and risk management services, delivery of decision support tools, and applications for service subscribers in the oil and gas industry. The system can provide a secure infrastructure to facilitate sharing of information among oil and gas companies and financial institutions, resulting in a more efficient market for assets and asset-related financial products.

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Gerald C. Vizvary whose telephone number is 571-270-3268. The examiner can normally be reached on Monday thru Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-270-4268.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Gerald Vizvary  
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February 15, 2008

  
ELLA COLBERT  
PRIMARY EXAMINER